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United Nations Conference on Trade and Development

TRADE AND DEVELOPMENT BOARD

Twentieth session

SUMMARY RECORD OF THE 551ST MEETING

held at the Palais des Nations, Geneva
on Thursday, 20 March 1990, at 4 p.m.

President: Mr. NYERGES (Hungary)

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The meeting was called to order at 4.15 p.m.

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS (agenda item 8)

(b) ANNOUNCEMENT OF ANY CHANGES IN THE MEMBERSHIP OF THE BOARD AND ELECTION TO MEMBERSHIP OF MAIN COMMITTEES

1. The PRESIDENT announced that he had been informed by the secretariat that it had not received any communications from countries wishing to participate in the main Committees of the Board, and consequently the membership of those committees stood as at the close of the Board's nineteenth session: Committee on Commodities, 95 members; Committee on Manufactures, 90 members; Committee on Invisibles and Financing Related to Trade, 95 members; Committee on Shipping, 91 members; Committee on Transfer of Technology, 87 members; and Committee on Economic Co-operation among Developing Countries, 76 members.

(c) DESIGNATION OF INTERGOVERNMENTAL BODIES FOR THE PURPOSES OF RULE 78 OF THE RULES OF PROCEDURE (TD/B/R.91 and Add.1-2)

2. The PRESIDENT invited the Board to consider applications received from two intergovernmental bodies, the Asian Reinsurance Corporation and Arab Federation of Shipping, for designation under rule 78 of the rules of procedure. He drew the Board's attention to documents TD/B/R.91 and Add.1 and 2, which were relevant to the consideration of the applications and were now circulated.

3. He took it that it was the wish of the Board to designate those intergovernmental organizations, so as to enable them to participate, in accordance with the provisions of that rule, in the deliberations of the Board and its subsidiary organs.

4. It was so decided.

(d) DESIGNATION AND CLASSIFICATION OF NON-GOVERNMENTAL ORGANIZATIONS FOR THE PURPOSES OF RULE 79 OF THE RULES OF PROCEDURE (TD/B/795)

5. The PRESIDENT said that the secretariat had received applications from five non-governmental organizations for designation and classification for the purposes of rule 79 of the rules of procedure. In accordance with established practice, the Secretary-General of UNCTAD had consulted the Bureau of the Board on those applications. The Bureau had concurred with the Secretary-General's recommendations (TD/B/795). The organizations concerned were: the African Centre for Monetary Studies; the International Peace Research Association; the United States Trademark Association; the International Shipping Federation; and the International Union of Railways. He took it that the Board wished that those five non-governmental organizations should be designated for the purposes of rule 79 of the rules of procedure, and, in accordance with the terms of paragraph 12 (b) of Board decision 45 (VII), be classified as recommended in the annex to document TD/B/795.

6. It was so decided.

OTHER DOCUMENTS (Agenda item 10)

(c) IMPLEMENTATION OF THE DECLARATION ON THE GRANTING OF INDEPENDENCE TO COLONIAL COUNTRIES AND PEOPLES BY THE SPECIALIZED AGENCIES AND THE INTERNATIONAL INSTITUTIONS ASSOCIATED WITH THE UNITED NATIONS

7. Mr. PERON (Chief, External Relations Unit) said that at the first part of its nineteenth session the Board had been informed of the action taken by the UNCTAD secretariat in implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples and of the progress achieved in the projects referred to in the report of the Secretary-General of the United Nations to the General Assembly at its thirty-fourth session (A/34/200/Add.2). Further information on recent important action by UNCTAD in that connexion had been prepared and sent to the Secretary-General of the United Nations.

8. The project "Economic and Social Survey of Zimbabwe" (RAF/79/010), for which UNCTAD was the executing agency, was now completed as far as the organization was concerned. It had represented an important opportunity for the United Nations system to contribute seeming, by means of an analysis of the types of problems and issues likely to arise at the moment of independence and in area of the possible solutions that could be applied.

9. With regard to Namibia, he said that in early 1977 UNCTAD had prepared a development brief on the commercial policy and the planning of the trade sector in that territory, an UNCTAD consultant had prepared a study on the external economic sector, and a staff member from the UNCTAD Special Programme for least developed, land-locked and island developing countries had been seconded to the Office of the United Nations Commissioner for Namibia in 1978 to prepare and prepare further the projects recommended by UNCTAD as a priority for the Nationhood Programme for Namibia. The project (RAF/79/006), for which UNCTAD was the executing agency, had been approved in June 1979 but had not yet been implemented pending clearance by UNDP.

10. Turning to the question of invitations to UNCTAD meetings, he said that in conformity with General Assembly resolution 3280 (XXIX) ratification of the sessions of the Conference and of the Trade and Development Board and of conferences under the auspices of UNCTAD had been sent, requested by the Office of the Organization of African Unity (OAU) at Geneva, to the national liberation movements through the Executive Secretary of the OAU Co-ordinating Committee for the Liberation of Africa. Representatives of the national liberation movements recognized by OAU had attended a number of UNCTAD meetings. Consultations were being held between the UNCTAD secretariat and officials of OAU, in accordance with General Assembly resolution 33/41, paragraph 13, and Economic and Social Council resolution 1979/50, paragraph 19. They had included a visit to OAU headquarters.

11. Mr. GARCIA (Office of the Secretary-General of UNCTAD), introducing the report by the Secretary-General of UNCTAD on proposals on assistance by UNCTAD to the peoples of the colonial Territories and their national liberation movements (TD/B/769), said that the proposals in the report had been made in the light of consultations with OAU and with representatives of the national liberation movements concerned.

12. Mr. DEGNI (Italy), speaking on behalf of the Group B countries, said that they had not yet been able to study the proposals contained in document TD/B/769. They therefore requested that no action should be taken on them until the following day.

13. Mr. JOSHI (Zaire), speaking on behalf of the Group D countries and Yugoslavia, said that the information provided in document TD/B/769 was very useful and made it possible to evaluate UNCTAD's work in the implementation of General Assembly resolution 34/93. Implementation of the measures proposed in the report, in consultation with the Organization of African Unity, would help the colonial Territories and peoples in their efforts to achieve full political and economic independence, efforts which had been increasingly successful in recent years. On behalf of Group D he warmly congratulated the Zimbabwe independence movement on its success in the recent elections in that country, which was the logical result of its long, heroic struggle under the leadership of the Patriotic Front. The vestiges of colonialism remained, however, and were a dangerous source of domination and conflict. The Pretoria régime was trying to retain its control over Namibia, while maintaining the hateful system of apartheid in South Africa. The countries of Group D therefore fully endorsed General Assembly resolution 34/93. They condemned imperialism and the monopolistic exploitation of the colonial Territories and peoples, which was preventing them from achieving full political and economic independence. It was a sacred obligation for the peoples of the Group D countries to provide firm support to those peoples in their struggle.

(c) ASSISTANCE FOR THE REHABILITATION, REHABILITATION AND DEVELOPMENT OF UGANDA

14. The SECRETARY said that, in its resolution 34/193, paragraph 11, the General Assembly had invited the organizations and programmes of the United Nations system, including UNCTAD, to bring to the attention of their governing bodies for their consideration the special needs of Uganda and to report the decisions of those bodies to the Secretary-General of the United Nations by 15 August 1980.

15. Mr. WEISS (Special Programme for Least Developed, Land-locked and Island Countries) said that as the focal point of the United Nations system for activities on behalf of least developed and land-locked countries, UNCTAD had attempted, within the limits of available financing, to provide assistance to Uganda following the emergency in that country in 1979 and pursuant to General Assembly resolution 34/193. In late 1979, with funding from the UNDP Regional Bureau for Africa, a consultant had outlined Uganda's immediate rehabilitation needs and the country's longer-term assistance requirements.

16. Since August 1979, UNCTAD had been executing a UNDP-financed regional project for land-locked countries in eastern Africa. Uganda was a key land-locked country, as well as a transit country, in the region covered by that project, and it aimed to benefit from the project's long-term planning

perspective, which was essential in order to mobilize much-needed international finance for improvements in the region's transit transport network. Headquarters' expertise had been made available on two occasions to mount emergency preparatory assistance missions, carried out at the request of the Ugandan Minister of Planning and the UNDP resident representative in Kampala in order to identify possible areas of national assistance in eliminating transport bottle-necks. The secretariat had also had consultations with ILO concerning the possibility of UNCTAD's contributing to the ILO project for a transport advisory group within Uganda's Ministry of Transport. An UNCTAD mission at present in Uganda was updating an earlier overview of the problems and prospects of the country's foreign trade sector and laying the groundwork for Uganda's submission of external aid requirements for the 1990s. The mission would also prepare an analysis that would serve as the basis for the Government's presentation to the 1981 United Nations Conference on the Least Developed Countries of its case for expanded assistance.

17. The UNCTAD secretariat was recruiting two senior advisers to assist the Ugandan Government in the procurement of commodities and in the management and distribution of essential imports. An important element of that UNDP-financed project would be the purchase of vehicles for the distribution of essential commodities. The UNDP resident representative in Kampala had just requested the urgent recruitment of a transit transport economist for that project to assist in planning the movement through Kenbasa of what the Government hoped would be a vastly increased flow of necessary emergency imports, including 400,000 metric tons of food before the end of 1980.

18. Replying to a question from Mr. KABUNGU (Uganda), he said that the ongoing assistance to which he had referred had been programmed prior to the adoption of General Assembly resolution 34/203, but the two earlier missions to Uganda and the mission currently in that country were the direct result of the request contained in that resolution.

19. Mr. KAMUNDU (Uganda) said that he wished to inform the Board of the problems faced by Uganda after a decade of complete mismanagement of the country's economy by the fascist régime of Idi Amin and to appeal to the international community for assistance. The situation in Uganda resembled that of Europe after the Second World War, but Uganda had no Marshall Plan to assist it. Instead, it must look to the international community to assist it in its own recovery effort. His Government appreciated the efforts already made by the UNCTAD secretariat, and it hoped that UNCTAD would continue to provide all possible help.

20. He stressed that the situation in Uganda was very grave. Large numbers of the population were facing famine as a result of the struggle for liberation, compounded by adverse weather conditions. There was an acute shortage of the most basic commodities, industrial output was virtually non-existent, most shops were closed, and those which were open were empty. Innumerable fact-finding missions had been sent by international organizations; indeed, there was a feeling in the country that the United Nations agencies considered fact-finding missions an end in themselves. He stressed that results were urgently needed: time was of the essence.

21. Mr. MILLIKEN (United Kingdom) said that his country gave its full support, within its current financial constraints, to the United Nations programme of assistance for the reconstruction and development of Uganda. The first priority in Uganda was to establish an effective police force in order to provide a solid base for economic reconstruction and reassure potential donors of aid, which had been discouraged because of the lack of law and order in the country. The United Kingdom had made £6 million available to Uganda, including £450,000 for police vehicles and equipment. In addition, the United Kingdom was currently providing training for senior Ugandan police officers in the United Kingdom.

22. Mr. KAHUMBU (Uganda) said that a number of donor agencies and countries apparently held the view that the situation in Uganda must be stabilized before aid could be provided. His Government believed, on the contrary, that the stabilization of the situation in Uganda depended on the provision of aid. Ugandan industry was at a standstill, shops were closed, the economic infrastructure had been destroyed and unemployment and reached an unprecedented level. Such a situation was clearly a source of instability and lawlessness, and assistance was therefore needed immediately. If production could be resumed, the disorder in the country could be contained.

(a) CONSIDERATION OF ACTION BY UNCTAD IN SUPPORT OF THE PROGRAMME OF ACTION ADOPTED BY THE WORLD CONFERENCE ON AGRARIAN REFORM AND RURAL DEVELOPMENT

23. Mr. HUBBARD (Chief, Agricultural Commodities Branch) said that, in endorsing the Programme of Action adopted by the World Conference on Agrarian Reform and Rural Development, held in July 1979, the General Assembly had invited the organizations, organs and bodies concerned within the United Nations system to implement, as appropriate, the conclusions and recommendations set forth in the Programme of Action. Subsequently, the Conference of FAO had invited organizations in the United Nations system to participate with FAO in the implementation of the Programme of Action, in particular through the ACC Task Force on Rural Development. The Task Force had reviewed the draft organizational programme analysis of rural development programmes in the United Nations system, and it had evaluated the related country-level exercises and action taken to implement the Programme of Action.

24. UNCTAD was not directly involved in rural development projects, and it was therefore suggested that the Board might wish to take note of the invitation of FAO and to agree that the question of possible complementary action by UNCTAD in support of the World Conference's Programme of Action should be pursued through the machinery of the ACC Task Force and that a report should be submitted to the Board should any specific complementary action by UNCTAD be envisaged.

25. Mr. JUDAC (Poland), speaking on behalf of the Group D countries and Mongolia, said that it was important for UNCTAD to confine itself to activities falling within its competence, and the scope of that competence should not be expanded. The socialist countries wished, however, to emphasize that, in their view, agrarian reform was of the greatest importance for development in general. They had participated in the World Conference on Agrarian Reform and Rural Development and had largely endorsed its Declaration of Principles and Programme of Action. Experience showed that progressive agrarian reform was one of the main ways of

achieving social and economic change, as well as of helping developing countries to achieve genuine economic independence and overcome fundamental problems. The socialist countries would continue to co-operate with the developing countries in the implementation of appropriate reforms.

26. The PRESIDENT suggested that the Board should take note of FAO's invitation and agree that the question of possible complementary action by UNCTAD in support of the implementation of the Programme of Action of the World Conference should be pursued through the machinery of the ACC Task Force and that a report should be submitted to the Board if any specific complementary action by UNCTAD was envisaged.

27. It was so decided.

REPORT OF THE WORKING PARTY ON THE MEDIUM-TERM PLAN AND THE PROGRAMME BUDGET (agenda item 9) (TD/B/L.956; TD/B/MT/1.1 and Add.1)

28. Mr. AONUMA (Japan), Chairman of the Working Party on the Medium-Term Plan and the Programme Budget, introducing the report of the Working Party (TD/B/L.956; TD/B/MT/1.1 and Add.1), said that, under Conference resolution 114 (V) and decisions taken by the Trade and Development Board at its nineteenth session, the Working Party had been entrusted with the task of assisting the Board in examining the impact of major decisions on UNCTAD's programme of work and reviewing the organization's technical co-operation activities. During its scrutiny of reports submitted by the secretariat (TD/B/MT/2 and 3 and Add.1-3), the Working Party had reviewed both the medium-term plan for the period 1984-1987 and the technical co-operation activities of UNCTAD. It had also approved the provisional agenda for its seventh session, which included the question of programme evaluation in the field of manufactures and the development of a model plan in the field of commodities.

29. In reviewing the medium-term plan, the Working Party had decided not to submit specific conclusions, but to reflect fully in its report the views expressed by delegations and regional groups, together with the explanations provided by the secretariat. It proposed that the secretariat should take the substance of the report into account in submitting a revision of the plan for consideration by review bodies, including the Committee for Programme and Co-ordination (CPC).

30. The Working Party had been grateful for the precise information contained in the first annual report by the secretariat on the technical co-operation activities of UNCTAD. While acknowledging that those activities were not the main task assigned to the Conference, it generally agreed on their importance in accelerating the development process of the developing countries. Noting the steady increase in the volume of project expenditure, it expressed the view that the demands on the manpower of the secretariat in providing support to those activities should not prejudice the implementation of UNCTAD's major tasks. It recognized, however, that there were linkages and feedbacks between those activities, on the one hand, and the research and analysis work of UNCTAD, on the other hand, which operated to the benefit of both. The Working Party felt that the secretariat's report, as well as its own report, might usefully be transmitted by the Board to bodies such as CPC and also to funding agencies such as UNDP.

31. Mr. BELLOCHIO (Philippines) endorsed the suggestion that the views of members of the Outside Party should be made available to the appropriate bodies in New York and to the relevant funding agencies. In that connection, he pointed out that the island developing countries faced particular problems which had not yet received the attention they deserved. It was to be hoped that more would be done in that respect in future. The importance of economic co-operation among developing countries had been established, and such co-operation should continue to receive the support of the international community.

32. Mr. [illegible] (Malta) said that the question of obtaining the necessary funds for implementation of resolutions was extremely important. No resolution should be [illegible] in the absence of resources. The information given by the UNCTAD secretariat in that connection, as reflected in the report of the Working Group, was a full explanation of the situation but not a full justification.

33. Mr. ARAUJO (El Salvador), speaking on behalf of the members of the Group of 77, said that, in their view, the Board should take note of the report under consideration and invite the Secretary-General of UNCTAD to transmit it to the appropriate bodies of the United Nations for their consideration.

34. Mr. JAKUBOWSKI (Poland), speaking on behalf of the Group B countries, said that the Working Group on the medium-term plan and the Programme Budget had not been able to make full use of the time allocated to it, and had therefore been unable to give substantive items the consideration they deserved. In addition, there had been delays in the distribution of documents, with the result that delegations had been unable to prepare themselves in the appropriate manner. It was to be hoped that preparations for future meetings would be more satisfactory.

35. The Group B countries considered that UNCTAD's activities in the field of technical assistance should be kept under review and should not interfere with the organization's main tasks as defined in General Assembly resolution 1995(XIX). Due regard should also be paid to the provisions of General Assembly resolution 32/197 as to the competence of other relevant bodies in the United Nations system. The UNCTAD secretariat should observe the principle of equitable geographical distribution in the recruitment of experts for technical co-operation projects.

36. The PRESIDENT suggested that the Board should take note of the report of the Working Party (TD/B/L.[illegible], TD/B/SR/L.1 and Add.1) and request the Secretary-General of UNCTAD to transmit the report, with the comments thereon, to the appropriate United Nations bodies for their consideration.

37. It was so decided.

EVALUATION OF THE WORLD TRADE AND ECONOMIC SITUATION AND CONSIDERATION OF ISSUES, POLICIES AND APPROPRIATE MEASURES TO FACILITATE STRUCTURAL CHANGES IN THE INTERNATIONAL ECONOMY, TAKING INTO ACCOUNT THE INTERRELATIONSHIPS OF PROBLEMS IN THE AREAS OF TRADE, DEVELOPMENT, MONEY AND FINANCE WITH A VIEW TO ATTAINING THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER AND BEARING IN MIND THE FURTHER EVOLUTION THAT MAY BE NEEDED IN THE RULES AND PRINCIPLES GOVERNING INTERNATIONAL ECONOMIC RELATIONS AND UNCTAD'S NECESSARY CONTRIBUTION TO A NEW INTERNATIONAL DEVELOPMENT STRATEGY FOR THE THIRD UNITED NATIONS DEVELOPMENT DECADE (agenda item 5) (continued)

ASSESSMENT OF THE PROGRESS MADE TOWARDS THE ESTABLISHMENT OF THE NEW INTERNATIONAL ECONOMIC ORDER (agenda item 4)(continued)(TD/B/757 and Add.1)

INTERDEPENDENCE OF PROBLEMS OF TRADE, DEVELOPMENT FINANCE AND THE INTERNATIONAL MONETARY SYSTEM (agenda item 5)(continued)(TD/B/733 and TD/B(XX)/CRP.1)

(i) REVIEW OF IMPLEMENTATION AND FURTHER ACTION THAT MAY BE REQUIRED PURSUANT TO TRADE AND DEVELOPMENT BOARD RESOLUTION 165 (S-IX), PART A

(ii) DETAILED FEATURES FOR FUTURE OPERATIONS RELATING TO SHORT PROBLEMS OF INTERESTED DEVELOPING COUNTRIES (TRADE AND DEVELOPMENT BOARD RESOLUTION 165 (S-IX), PART B) (agenda item 6)(continued)(TD/B/790, TD/B(XX)/CRP.1)

30. Mr. JANNI (Italy), speaking on behalf of the Group B countries, said that the symptoms of the serious difficulties which were hampering the growth of the world economy in all sectors were so evident and widespread that they could not be ignored. There was a high degree of uncertainty and it was increasingly difficult to find viable solutions to such problems as high levels of inflation, unemployment, monetary problems and the energy crisis.

31. Although the prospects were far from clear and effective ways and means of redressing the situation were still being sought, UNCTAD had recently achieved a certain amount of progress in certain fields, such as the negotiations on a Common Fund, the negotiations on a Code of Conduct on the transfer of technology, the negotiations on restrictive business practices, and in the Intergovernmental Group on Least Developed Countries. He was confident that further progress could be made in those fields and that UNCTAD would be able to make an appropriate contribution to the new global round of negotiations.

32. The general economic situation nevertheless remained a matter for grave concern. The factors of uncertainty and instability called into serious question about the future of the world economy and the preservation of a balanced growth and expansion of trade. Many developing countries had suffered particularly from the present imbalances and a large number of them had been facing severe current account balance-of-payments deficits and increasing external indebtedness, as well as inadequate growth rates. The least developed countries had been particularly affected.

41. The Group B countries therefore supported efforts to promote an efficient, growing and increasingly stable world economy and shared the objective of the developing countries to move towards a new international economic order in which all countries could realize their potential. They believed that the necessary changes could be made in a balanced and orderly manner. In a number of sectors a structural change was taking place in a dynamic world economy through shifts in the patterns of production, consumption and trade and structural changes were necessary as countries developed and used their domestic sources more effectively.

42. The Group B countries recognized the growing interdependence both in the relationship between issues such as international trade, monetary and financial affairs, commodities, agriculture, energy and resource transfers and in the relationship between national economies. No country could pursue its economic well-being through a single channel or in isolation from other countries. Intensified economic co-operation among all countries according to their varying capacities was essential for advancement of the common interest. While the developing countries bore the essential responsibility for their own development, their efforts to strengthen and diversify their economies and improve the living standards of their people could succeed only in an environment of international co-operation. The international community's concern must be to facilitate the necessary structural changes and to promote an efficient and growing world economy and an expansion of the developing countries' economic role in the international system, through measures to reduce uncertainty and instability and attenuate the hardships of social adjustment. The Group B countries reaffirmed their determination to contribute to the achievement of those goals.

43. Referring in particular to agenda item 6, he said that it was in the spirit of paragraph 5 of part A of Board resolution 165 (S-IX) that the developed donor countries of Group B, in implementing that resolution, had defined the beneficiaries for retroactive adjustment measures. The measures taken - which demonstrated clear political will on a delicate subject - had led to a substantial improvement in the quality and volume of aid furnished by Group B countries to the developing countries concerned. He stressed the importance of part B of the resolution and said that, in the view of Group B, the objective of the work in that area should be to strengthen the capacity of existing mechanisms to deal effectively and coherently with individual countries facing problems of indebtedness. In that connection he noted that the Secretary-General of UNCTAD, at the invitation of the President of the Paris Club, had participated as an observer in recent meetings of Creditor Clubs.

44. Bearing in mind the importance attached by all concerned to the issue of the developing countries' indebtedness, the Group B countries considered that that question should remain on the agenda of the Board.

45. Mr. TERRAZAS (Saudi Arabia) said that the report by the UNCTAD secretariat in document TD/B/703 predicted that in 1980 and 1981 the developing oil-producing countries would have a balance-of-payments surplus, but that the developed market economy countries and the developing non-oil-producing countries would have a deficit. It was further stated in paragraph 9 of the document that the acceleration of inflation expected in 1980 was due in large measure to a 60 per cent increase in the price of imported petroleum expected for that year. That prediction was not correct. The present world inflation had started long before the increase in oil prices and that increase had been the result of inflation, not its cause. In 1971, when the advanced countries had taken measures to deal with their own economic

problems and endeavour to control inflation, oil prices had been very low. They had not risen until 1974, three years later. The main reasons for the rise in oil prices had been the fall in the purchasing power of oil revenue and the deterioration in the value and purchasing power of the dollar.

46. Among the real reasons for the increasing inflation were the developed countries' failure to go to the root of the problems and to show political will to solve them; the fact that they had taken only temporary, palliative measures; heavy expenditure on armaments; military undertakings; and interference in the internal affairs of developing countries.

47. His country was producing oil in excess of its own requirements in order to meet world demand, especially that of developed countries which were obliged to adapt themselves to the proper use of energy. It did not consider the fact that some of the developed countries carried large reserves of oil and thereby the true value of oil was a non-renewable resource and his country's earnings were subject to currency fluctuations. Saudi Arabia had increased its bilateral and multilateral aid to over 5 per cent of its gross national product - a rate far higher than that achieved by the developed countries.

48. Mr. AL-JADEM AL-BAHAR (United Arab Emirates) said that document TD/[illegible] contained an excellent survey of the world economic situation and of the problems. The Saudi Arabian representative had adequately explained the real problems at present facing the developing countries. In 1978, for example, the developed market economy countries had had a balance-of-payments surplus of $30 billion, of $30.6 billion, which had become a deficit of $6 billion in 1979, despite the fact that oil prices had increased by only 2 per cent in real terms - taking into account the fall in the dollar exchange rate and the increase in prices of industrial goods. Table 6 in document TD/[illegible] shows that the OECD countries had recorded high economic growth rates at the time of the greatest increase in oil prices. The table was very useful in that it showed the relationship between inflation and the index of consumer prices. The two indicators were fairly similar and the rate of inflation was sometimes higher than the GDP growth rate.

49. Inflation was the cause of the developing countries' difficulties - including those of the developing oil-producing countries. The developed countries' high inflation rate also caused unemployment since those countries depended heavily on exports for their economic growth. The adverse effects on their balance of payments and on their trade and current account balances were shown respectively in table 1 and table 7 of the same document. The developing countries' balance-of-payments deficit was caused, not by oil prices and oil export policies, but by the developed countries' restrictive business practices, protectionist policies and tax policies - taxes on oil imports represented a high percentage of prices, causing an increase in the price of their exports to developing countries - and by monopolistic tendencies in the petroleum sector. The transnational oil corporations had made very high profits since 1973 when there had first been talk of the oil crisis, which was in fact an artificial appellation.

50. Mr. ARAUJO (El Salvador), speaking on behalf of the members of the Group of 77, said that those countries had submitted, under agenda item 5, a draft resolution which he was confident would be generally supported (TD/B/L.560). They had also prepared a draft resolution on the subject of agenda item 6. With regard to agenda item 3, he suggested that discussion of that question should be postponed until the twenty-first session. Lastly, with regard to agenda item 4, on which